

**CCC-956 Appendix**  
(03-08-05)

**U.S. DEPARTMENT OF AGRICULTURE**  
Commodity Credit Corporation

**APPENDIX TO FORM CCC-956, TOBACCO TRANSITION PRODUCER CONTRACT**

**1 PURPOSE**

This CCC-956 Appendix is incorporated by reference as a part of the Tobacco Transition Payment Producer Contract form CCC-956. The definitions and provisions contained in this Appendix are terms and conditions of the Tobacco Transition Payment Program (TTPP). These terms and conditions are provided to eligible producers before they sign the Tobacco Transition Payment Producer Contract so they understand the terms and provisions of the TTPP. An eligible producer who signs the CCC-956 signifies agreement with the terms and conditions contained in the CCC-956 Appendix.

**2 DEFINITIONS**

- A Base Quota Level** means payment pounds as determined in accordance with 7 CFR part 1463.
- B CCC** means the Commodity Credit Corporation, an agency and instrumentality of the United States within the Department of Agriculture.
- C Fiscal Year** means the twelve-month period from October 1 through September 30.
- D Payment Rate** means the rate per pound that an eligible producer will receive for the amount of Base Quota Level (BQL) pounds. The payment rate is \$3.00 per pound of BQL to be paid in 10 annual installments.
- E Producer of Quota Tobacco** means a person that was an owner, operator, landlord, tenant, or sharecropper that shared in the risk of producing tobacco on a farm where tobacco was produced or considered planted for any of the years 2002, 2003, or 2004.
- F Share in the risk of production** means having a direct financial interest in the successful production of a crop of tobacco through ownership of a direct share in the actual proceeds derived from the marketing of the crop.
- G Tobacco** means the following kinds of tobacco:
- (1) Flue-cured
  - (2) Fire-cured
  - (3) Dark air
  - (4) Virginia Sun
  - (5) Virginia Fire
  - (6) Burley
  - (7) Cigar filler and Cigar binder
- H Tobacco Transition Payment Producer Contract or CCC-956** means the program documents including form CCC-956 and CCC-956 (Appendix) entered into between CCC and the participant.
- I** All other words and phrases, unless the context of subject matter otherwise requires, shall have the meanings assigned to them in the regulations governing the TTPP which are found at 7 CFR Part 1463.

**3 CONTRACT**

The participant agrees that:

- A** The applicable CCC-956 shall be considered an offer to enter into a Tobacco Transition Payment Producer Contract on the terms specified on Form CCC-956.
- B** Only an eligible 'producer of quota tobacco,' as defined in paragraph 2E of this appendix is entitled to earn and retain a tobacco transition payment under this contract.

- C** One CCC-956 per eligible producer per kind of tobacco may be filed for any farm, and one such CCC-956 must be filed with respect to each county in which the producer qualifies for a TTPP.
- D** Any payment due any participant will be made by CCC without regard to any question of title under State law, and without regard to any claim or lien which may be asserted by a creditor, except agencies of the U.S. Government. Offsets for debts owed to agencies of the U.S. Government shall be made prior to making any payments to participants or their assignees.
- E** Payments are based on the 2002 marketing year effective quota level and the total payment of \$3 per pound of eligible quota is to be paid at a rate of 1/3 that rate, or \$1 per pound, for each of the years 2002, 2003 and 2004 in which the producer produced quota tobacco.
- F** The CCC-956 becomes effective when signed by the participant and CCC.
- G** After a CCC-956 becomes effective, if the participant dies the right to receive payments shall be transferred to the estate of the participant unless such person is survived by a spouse in which case the right to receive the payments shall, in all cases, be transferred to the surviving spouse.
- H** Payments will be made in January of each fiscal year to the extent determined practicable by CCC, except that in the case of the 2005 fiscal year payment, payment will be made by September, 2005.
- I** The participant may convey the right to receive contract payments to another person by signing CCC-958 'Tobacco Transition Payment Producer Successor In Interest Contract' so long as consideration for the succession is not less than the discount rate established by CCC. The CCC discount rate does not apply to successor in interest contracts between immediate family members or parties that assigned quota to land under separate ownership with consent of the owner prior to October 22, 2004.
- J** The contract participant may only assign the right to a TTPP payments to another person by signing CCC-959 'Tobacco Transition Payment Program Assignment of Payment' so long as consideration for the assignment is not more than the discount rate established by CCC. The CCC discount rate does not apply to assignments between immediate family members or parties that assigned quota to land under separate ownership with consent of the owner prior to October 22, 2004.
- K** The CCC discount rate will be equal to the prime rate, determined by CCC, plus two percentage points rounded to the nearest whole number (for .5 and above, round up).
- L** A participant may obtain reconsideration and review of any adverse determination in accordance with the appeal regulations found at 7 CFR parts 11 and 780.
- M** The regulations at 7 CFR Part 1463 are incorporated by reference as part of this contract.

#### **4 LOSS OF BENEFITS**

- A** If CCC determines a participant is not in compliance with the wetlands and highly erodible land provisions of 7 CFR Part 12 and the controlled substance provisions of 7 CFR Part 718, no further payments will be made until such time that the participant is found to be in compliance.
- B** If CCC determines a participant erroneously or fraudulently represented any fact affecting a determination to be made by CCC under this contract, or knowingly adopted any scheme or device which tends to defeat the purpose of this contract, the contract shall be terminated. Upon termination, the participant shall forfeit all rights to contract payments and shall refund to CCC all contract payments received by the participant, plus interest.
- C** The provisions of this section are in addition to any liability which may be incurred under various criminal and civil fraud statutes, including, but not limited to, 18 U.S.C. 86, 287, 371, 641, 1001; 15 U.S.C. 714; AND 31 U.S.C. 379.